

STATE OF CALIFORNIA

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

915 CAPITOL MALL, ROOM 485
SACRAMENTO, CA 95814
TELEPHONE: (916) 654-6340
FAX: (916) 654-6033



Lynn Wehrli
Executive Director

MEMBERS

Philip Angelides, Chair
State Treasurer

Tom Campbell,
Director, Department of Finance

Steve Westly
State Controller

Tax Credit Property Owner

RE: IRS Revenue Ruling 2004-82 (Good Cause Eviction)

Dear Tax Credit Property Owner:

On July 29, 2004, The Internal Revenue Service (IRS) issued Revenue Ruling 2004-82 which requires all regulatory agreements for Housing Tax Credit properties to include a prohibition against evicting or terminating the tenancy of Low Income Tenants without good cause.¹ This prohibition must extend throughout the duration of the entire extended use period.

Your Regulatory Agreement requires compliance with all conditions of Tax Credit eligibility under Section 42 of the Internal Revenue Code (Code). This letter serves as official notice that, in accordance with Revenue Ruling 2004-82, no Low Income Tenant of any Housing Tax Credit project may be evicted or otherwise have their tenancy terminated without good cause. This prohibition includes any non-renewal of a lease or rental agreement. Low Income Tenants have the right to enforce this prohibition in court. Generally, "good cause" is defined as the serious or repeated violations of a material term of the lease. You must provide specific notice of the good cause prior to terminating a tenancy or refusing to renew a lease, and if the tenant contests the matter, the court will decide whether good cause exists.

Even if a tenant's Lease Rider (described below) has not been executed, the "good cause" requirement was stated in Section 42 and effective even before the IRS issued its Ruling. Accordingly, any pending termination or non-renewal of tenancy notifications

¹ For purposes of these materials, "Low Income Tenant" will mean a tenant occupying a unit that is rent restricted for purposes of the Low Income Housing Tax Credit Program.

that have been served upon a Low Income Tenant, that do not recite a serious or repeated violation of a material lease term with sufficient factual specificity to enable the tenant to prepare a defense, must be immediately rescinded. Similarly, any pending unlawful detainer action filed against a Low Income Tenant that was not based on a termination or non-renewal notice in compliance with the preceding sentence must be immediately dismissed with prejudice.

Attached is a copy of a new Lease Rider that must be executed by you and by each current Low Income Tenant household. In addition, this Lease Rider must be included in initial leases with all new Low Income Tenants, and used for all existing Low Income Tenants upon annual recertification and for any executed lease renewal. A copy is posted on our website. Also attached is a draft Resident Notification Letter and Notice to Residents to inform Low Income Tenants of this right. Please translate these documents into the language of your clients and issue them accordingly. You must sign and deliver an executed original Lease Rider to each household, along with the Resident Notification Letter and Notice, within 45 days of the date of this Letter. After mailing or personally delivering this material to each resident, please sign the attached Affidavit and return it to TCAC so we will know that the information has been made available to tenants. Once the Lease Rider has been signed and returned by each household, a copy should be attached to the appropriate lease. TCAC is making appropriate revisions to the TCAC Compliance Manual, so all of these requirements will be available there soon.

The TCAC Regulatory Agreement requires compliance with all provisions of Section 42 of the Code and TCAC Compliance Monitoring requirements. Thus, while your existing Regulatory Agreement requires compliance with Revenue Ruling 2004-82, TCAC may also determine that an amendment of certain Regulatory Agreements is required. In that case, TCAC will notify you and provide a form of amendment to be executed and returned to TCAC for recording.

Please indicate your agreement to implement the good cause eviction requirements by signing this Notification where indicated below and returning it to TCAC within 30 days of the date of this letter. Failure to return this executed Notification Letter and take the steps described above, including execution of the Lease Rider, may require TCAC to file an IRS Form 8823 Report of Noncompliance. Please retain a copy of the executed Notification Letter with the Regulatory Agreement for the property.

If you have any questions concerning this matter, please contact the TCAC Compliance Manager, at (916) 654-6340. I appreciate your cooperation.

Sincerely,

Lynn Wehrli
Executive Director

cc: Management Company

Receipt Acknowledged:

Project Name Location

Signature Title

Print Name Date

EXECUTE AND RETURN THIS DOCUMENT TO TCAC BY MAY 5th, 2005

Return to: California Tax Credit Allocation Committee
Attention: Daniel Clark
915 Capitol Mall, Room 485
Sacramento, CA 95814

AFFIDAVIT

I, _____, (Owner) hereby swear that I have, on this date, personally delivered or mailed via United States Postal Service, a copy of the "Notice – Good Cause Eviction Protection", the "Resident Notification Letter" and an executed original of the TCAC Required "Lease Rider" (sample copies of all of which are attached) to all current residents of Housing Tax Credit units at the _____ property located in _____, California.

Signature

Date

Print Name

Title

RETURN TO TCAC BY MAY 20TH, 2005

Return to: California Tax Credit Allocation Committee
Attention: Daniel Clark
915 Capitol Mall, Room 485
Sacramento, CA 95814

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Property Owners' Good Cause Eviction Resident Notification Instructions and Checklist

1. NOTIFICATION LETTER TO TAX CREDIT PROPERTY OWNERS

RETURN TO TCAC BY MAY 5th, 2005

☐ Please acknowledge receipt of this letter by signing it in the space provided and returning it to TCAC at the address below, no later than the date shown above.

2. LEASE RIDER , RESIDENT NOTIFICATION LETTER & NOTICE – GOOD CAUSE EVICTION PROTECTION

DELIVER TO RESIDENTS PRIOR TO MAY 20th, 2005 (SEE ITEM 3 BELOW)

☐ Please fill out, sign and deliver, in person or via US Mail, an original copy of the new "Lease Rider" to every Low Income Tenant household.

☐ Along with the "Lease Rider", please deliver in person or via US Mail, a copy of the "Resident Notification Letter" and "Notice – Good Cause Eviction Protection" to every Low Income Tenant.

3. AFFIDAVIT

RETURN TO TCAC BY MAY 20TH, 2005

☐ After completing step 2, but no later the date shown for this step 3, please sign the "Affidavit" and return the original signed "Affidavit" to TCAC at the address below.

4. FOLLOW UP

☐ Once tenants have signed their Lease Riders, collect them and attach them to the leases in the tenant files. Also, please file a copy of your executed "Notification Letter to Tax Credit Property Owners" with your TCAC Regulatory Agreement.

Mailing Address for Documents:

California Tax Credit Allocation Committee
Attention: Daniel Clark
915 Capitol Mall, Room 485
Sacramento, CA 95814

RESIDENT NOTIFICATION LETTER

Dear Resident:

As a Resident of _____ (*name of property*), a development funded under the Low Income Housing Tax Credit program, you have certain rights stated in your lease and the Lease Rider attached. Your landlord must follow the federal and state rules for the Housing Tax Credit Program. One of the important protections provided by federal law is that you cannot be evicted from your home without a good reason, or "good cause".

Your landlord may not evict you or refuse to renew your lease without good cause. Good cause is generally serious or repeated violations of the terms of your lease. The landlord must state the good cause in any notice seeking to terminate your tenancy. If you contest the eviction, the landlord must then file a court action and prove the good cause to a judge.

Attached are a Notice and "Lease Rider" that outline the protections you can enforce. The attached Lease Rider should already be signed by your landlord. You and all members of your household aged 18 or older must also sign the Lease Rider and return it to your landlord by _____ (*date*).

This Lease Rider should be signed again when you recertify your income annually and anytime you renew your lease. The Lease Rider you sign at those times should be in the same format as the form attached, but it may change if required by the California Tax Credit Allocation Committee, the Internal Revenue Service or any revision of law. You may view the current Lease Rider Form at the following web site: <http://www.treasurer.ca.gov/ctcac/compliance/leaserider>. If you do not have Internet access, you may call (916) 654-6340 and request a copy of the current form.

If you have any questions concerning this matter, please contact your Resident Manager, at _____, or your landlord at _____.

Sincerely,

Landlord

Encl:

(1) Lease Rider

(2) Notice - Good Cause Eviction Protection

LOW INCOME HOUSING TAX CREDIT LEASE RIDER
(to be attached to resident lease)

Property Name: _____

Unit # _____

Household Name: _____

Dear Resident or Applicant:

The owner(s) of this property rents residential units under the federal Low-Income Housing Tax Credit Program (the "program") administered by the California Tax Credit Allocation Committee (TCAC). Under the program, the owner has agreed to rent some or all of the units in the property to low-income households and restrict the rents for those units. Another protection provided by federal law is that Low Income Tenants may not be evicted without good cause. The following Lease Rider is an important part of ensuring your rights to good cause for eviction.

The Lease or Rental Agreement dated _____ is hereby amended by adding the following provision:

Lease Rider: Good Cause for Eviction or Nonrenewal of the Lease

Owner may not terminate the tenancy or refuse to renew the Lease or rental agreement of a Low Income Tenant except for good cause, including a serious or repeated violation of the material terms and conditions of the Lease, or a violation of applicable Federal, State, or local law. To terminate the tenancy or refuse to renew the Lease, Owner must provide written notice to the tenant of the grounds with sufficient specificity to enable the tenant to prepare a defense. The notice must be served at least three days before the termination of tenancy, and must comply with all requirements of California law and other applicable programs. Tenant has the right to enforce this requirement in state court, including presenting a defense to any eviction action brought by Owner.

To the extent that any terms contained in the Lease or rental agreement, or any other agreement between the owner and the tenant, contradict the terms of this Rider, the provisions of this Rider shall control.

By signing below, I indicate my consent to this Lease Rider.

Property Representative Name (print)

(signature)

Date

.....
By signing below, I indicate my consent to this Lease Rider. I/we have been given a copy of this Lease Rider.

Resident or Applicant Name (print)

(signature)

Date

Resident or Applicant Name (print)

(signature)

Date

Resident or Applicant Name (print)

(signature)

Date

NOTICE – GOOD CAUSE EVICTION PROTECTION

As a resident in a “Housing Tax Credit Program” rental unit, you have a right to continue living in your rental unit unless you do something that gives your landlord “good cause” to evict you. This notice provides basic information about your rights.

Why are you being notified of your right against eviction without “good cause”?

The federal law that created the Housing Credit Program requires this protection. The California Tax Credit Allocation Committee requires your landlord to notify you and amend your lease. You and your landlord must also sign the “Lease Rider” to make this important resident protection part of your lease. This “Lease Rider” has already been signed by your landlord and should be attached to this notice for your signature.

What is “good cause” for your landlord to evict or to terminate your tenancy?

There is no specific list of “good causes” to evict residents. Rather, this matter has been left to the courts to decide and define. However, your landlord would have “good cause” if you commit a serious or repeated violation of the significant terms of your lease. Some examples of what might be considered good cause are failure to pay rent on time, failure to cooperate with legal recertification requirements, and engaging in illegal activity on the premises.

Can your landlord refuse to renew your lease without showing good cause?

No, the owner must have good cause for any eviction or termination of tenancy, including a refusal to renew your lease when it expires.

What if your lease does not yet include protection against being evicted without “good cause”?

Even if your lease does not state this protection, you have the right NOT to be evicted without “good cause.” To strengthen this protection, you should immediately sign and return the “Lease Rider.”

What procedures must the landlord follow to evict me or terminate my tenancy?

Before your tenancy can be terminated, your landlord must give you a written notice of the reasons – the “good cause” – that is specific enough for you to present a defense if you wish. You do not have to move out after the notice if you believe there is no good cause. Whether you agree or disagree with the notice, you should never ignore it. If you choose to stay and contest the eviction, the landlord must file and serve you with a court action, called an “unlawful detainer”. This court action must be based on the same good cause stated in the notice. You have the right to show why there is not good cause at a hearing in court. The judge will then decide whether the landlord has shown good cause. You only have to leave the premises if the court orders you to do so.

IMPORTANT! If you receive an eviction notice or court papers, you should contact an attorney immediately for legal advice.

Who should you contact if you have more questions?

Please contact your resident manager, local legal services office, local housing rights organization, or a private attorney.